

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 EB-08 XMB-02 CAB-02 CIAE-00 COME-00
DOTE-00 INR-07 NSAE-00 FAA-00 L-03 /033 W
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FM AMEMBASSY ANTANANARIVO
TO SECSTATE WASHDC 9621
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C O N F I D E N T I A L ANTANANARIVO 1538

E.O. 11652:GDS
TAGS: EAIR, MA, US
SUBJECT: MINISTER OF FINANCE COMMENTS ON POSSIBLE PURCHASE OF
LOCKHEED HERCULES AIRCRAFT

REFS: (A) ANTANANARIVO 1533; (B) 76 ANTANANARIVO 1709; (C)
STATE 174284 & PREVIOUS

1. SUMMARY. MINISTER OF FINANCE SUGGESTS THAT USG CONSIDER
MAKING PARTIAL GIFT OF HERCULES AIRCRAFT TO DRM (DEMOCRATIC
REPUBLIC OF MADAGASCAR). END SUMMARY.

2. DURING MY COURTESY CALL ON MINISTER OF FINANCE AND
PLANNING I ASKED HIM FOR HIS PERSONAL VIEW OF STATUS AND
DESIRABILITY OF PURCHASE BY DRM OF HERCULES AIRCRAFT FROM
THE LOCKHEED CORPORATION.

3. MINISTER RAZAKABOANA REPLIED THAT AS MINISTER OF FINANCE
HE HAD TO LOOK IN A DIFFERENT WAY ON SUCH A PURCHASE AS
COMPARED TO THE B-747 TRANSACTION, WHICH WAS COMMERCIALY
VIABLE AND HOPEFULLY SELF-LIQUIDATING. HIS FIRST STEP IN
MAKING UP HIS OWN MIND WAS TO FIND OUT EXACTLY TO WHAT USE
THESE AIRCRAFT WOULD BE PUT, AND HE WAS STILL AWAITING REPLIES
TO THE QUERIES ON THIS SUBJECT WHICH HE HAD ADDRESSED TO
THE PERTINENT MINISTRIES.

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4. RAZAKABOANA THEN REVIEWED THE HISTORY OF THE DISCUSSIONS
WITH LOCKHEED, NOTING THAT THE USG HAD AT FIRST HESITATED,
FOR POLITICAL REASONS, IN GRANTING THE NECESSARY EXPORT
LICENSES. HE NOTED THAT ALTHOUGH THE EXPORT LICENSES HAD
NOW BEEN GRANTED, THE DRM HAD TO LOOK AT ALL ASPECTS OF
SUCH A PURCHASE. AS IT WAS NOT STRICTLY COMMERCIAL, OTHER

FACTORS ENTERED INTO THE DECISION, INCLUDING THE POLITICAL FACTOR, PARTICULARLY IN VIEW OF THE DRM'S "TOUS AZIMUTS" FOREIGN POLICY AND THE NEED TO OBSERVE IT IN ALL FOREIGN DEALINGS. RAZAKABOANA NOTED THAT THE DRM HAD BEEN ABLE TO OBTAIN FAVORABLE GIFT/PURCHASE TERMS FROM THE USSR FOR THREE HELICOPTERS. ACTUALLY, THE DRM HAD PROPOSED TO THE SOVIETS THAT IT FIRST SELL TWO HELICOPTERS TO THE DRM AND THEN GIVE IT ONE FOR FREE. THE SOVIETS HAD NOT ONLY ACCEPTED BUT HAD REVERSED THE SEQUENCE, MAKING THE FIRST HELICOPTER A GIFT AND THE NEXT TWO CASH TRANSACTIONS. THERE WAS A POSSIBILITY THAT FRANCE MIGHT OFFER A SIMILAR DEAL WITH REGARD TO TRANSALL TRANSPORT AIRCRAFT. RAZAKABOANA CONCLUDED BY SUGGESTING THAT THE USG REFLECT ON THIS.

5. COMMENT: THIS IS THE SECOND TIME THAT THE DRM HAS SUGGESTED USG CONSIDERATION OF A PARTIAL GIFT OF HERCULES AIRCRAFT, THE FIRST SUGGESTION HAVING BEEN MADE BY PRESIDENTIAL ASSISTANT SOLOFOSON LAST OCTOBER (REF B). RAZAKABOANA STRESSED THAT HE WAS ONLY SPEAKING FOR HIMSELF BUT IT IS OBVIOUS THAT HE WOULD GIVE A GREAT DEAL OF WEIGHT TO THE TERMS OFFERED IN RECOMMENDING WHERE THE DRM SHOULD PURCHASE CARGO AIRCRAFT.BARRETT

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Control Number: n/a
Copy: SINGLE
Sent Date: 25-Aug-1977 12:00:00 am
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